

# Notes to the Accounts

## 1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

### (a) *Basis of preparation*

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, certain properties, investment properties and other investments are stated at fair value.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the accounts for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

### (b) *Group accounting*

#### (i) *Consolidation*

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December. Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half of the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal or change in status, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account and also any related accumulated exchange fluctuation reserve.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less accumulated impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

# Notes to the Accounts

## 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### (b) *Group accounting (continued)*

#### (ii) *Jointly controlled entities*

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities and goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

In the Company's balance sheet, the investments in jointly controlled entities are stated at cost less accumulated impairment losses. The results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

Equity accounting is discontinued under the carrying amount of the investment in a jointly controlled entity reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the jointly controlled entities.

#### (iii) *Associated companies*

An associated company is a company, not being a subsidiary or a jointly controlled entity, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

In the Company's balance sheet, the investments in associated companies are stated at cost less accumulated impairment losses. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

#### (iv) *Translation of foreign currencies*

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

## Notes to the Accounts

**1. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(b) Group accounting** *(continued)**(iv) Translation of foreign currencies (continued)*

The balance sheet of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

**(c) Fixed assets***(i) Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods more than 20 years are valued annually by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the assets revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining term of the leases.

Upon the disposal of an investment property, the relevant portion of the assets revaluation reserve realised in respect of previous valuations is released from the assets revaluation reserve to the profit and loss account.

*(ii) Leasehold land and buildings in Hong Kong*

Prior to 30th September 1995, the Group carried its leasehold land and buildings in Hong Kong at cost or at revalued amounts and revaluation surpluses or deficits were dealt with as movements in the assets revaluation reserve. Effective from 30th September 1995, no further revaluations have been carried out. The Group places reliance on paragraph 80 of SSAP 17 issued by the HKICPA which provides exemption from the need to make regular revaluations for such assets.

*(iii) Leasehold land and buildings outside Hong Kong and other fixed assets*

Leasehold land and buildings outside Hong Kong and other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

# Notes to the Accounts

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### (c) Fixed assets (continued)

#### (iv) Construction-in-progress

Construction-in-progress comprises hotel, factories and office buildings under construction, production plant, machinery and other fixed assets under installation, and is stated at cost which includes development and construction expenditure incurred and other direct costs including interest attributable to the development less any impairment losses. No depreciation is provided on construction-in-progress until such time as the relevant assets are completed and put into use.

#### (v) Depreciation of fixed assets

Leasehold land is depreciated over the period of the lease while other tangible fixed assets are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Land	Over the period of the leases
Buildings	Over the shorter of the term of the leases or 20 to 40 years
Furniture, fixtures and equipment	15% – 33 1/3%
Plant and machinery	10%
Motor vehicles	20%
Trucks	12.5%

Major costs incurred in restoring the fixed assets to their normal working conditions are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

#### (vi) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets other than investment properties are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained profits and is shown as a movement in reserves.

# Notes to the Accounts

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### (d) Intangible assets

#### (i) Goodwill/negative goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/joint venture/associated company at the date of acquisition.

Goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful economic life. Goodwill is amortised by equal annual instalment over its estimated useful economic life of 2.5 to 5 years.

Goodwill on acquisitions that occurred prior to 1st January 2001 was eliminated against reserves. Any impairment arising on such goodwill is accounted for in the profit and loss account.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

For acquisitions after 1st January 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition, that portion of negative goodwill is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the profit and loss account immediately.

For acquisitions prior to 1st January 2001, negative goodwill was taken directly to reserves on acquisition.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1st January 2001 acquisitions, the related goodwill written off against reserves to the extent it has not previously been realised in the profit and loss account.

#### (ii) Trading rights

The trading rights at the Hong Kong Futures Exchange Limited ("Futures Exchange trading right") is recognised as an intangible asset. It is stated at cost and amortised using the straight-line method over its estimated useful life of 10 years.

#### (iii) Patent

Expenditure on acquired patent is capitalised and amortised using the straight-line method over its estimated useful life, but not exceeding 20 years. Patent is not revalued as there is no active market for this asset.

# Notes to the Accounts

## 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### (d) **Intangible assets** *(continued)*

#### (iv) *Impairment of intangible assets*

Where an indication of impairment exists, the carrying amount of an intangible asset, including goodwill previously eliminated against reserves, is assessed and written down immediately to its recoverable amount.

### (e) **Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

### (f) **Investment in securities**

#### (i) *Investment securities*

Investment securities are held for identified long term purpose and stated at cost less any accumulated impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

#### (ii) *Other investments*

Other investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the profit and loss account. Profits or losses on disposal of other investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

### (g) **Inventories**

Inventories comprise stocks and work-in-progress and are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises materials, direct labour, shipping costs and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

# Notes to the Accounts

## 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### *(h) Accounts receivable*

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

### *(j) Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts.

### *(j) Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### *(k) Contingent liabilities*

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

### *(l) Deferred taxation*

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and joint controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

# Notes to the Accounts

## 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### *(m) Revenue recognition*

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Revenue from brokerage and commission, management and consultancy and advisory services rendered and container transportation and freight forwarding services is recognised once the duties under the service contracts are performed and outcome of the transactions can be foreseen with reasonable certainty.

All transactions related to securities trading are recorded in the accounts based on trade dates. Accordingly, only those trade dates falling within the accounting year have been taken into account.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the rights to receive payment is established.

Operating lease rental income is recognised on a straight-line basis over the lease periods.

### *(n) Employee benefits*

#### *(i) Employee leave entitlements*

Employee entitlements to accumulating compensated absences are recognised when they accrue to employees. A provision is made for the estimated liability for accumulating compensated absences as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to non-accumulating compensated absences are not recognised until the time of leave.

#### *(ii) Profit sharing and bonus plans*

Provisions for profit sharing and bonus plans due wholly within twelve months after the balance sheet date are recognised as a liability when the group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

#### *(iii) Pension obligations*

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.



# Notes to the Accounts

## 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

**(n) Employee benefits** *(continued)*

**(iv) Equity compensation benefits**

Share options are granted to Directors and certain employees. The options granted are not recognised in the accounts until they are exercised. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.

**(o) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

**(p) Segment reporting**

The Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets, fixed assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude taxation and deferred taxation. Capital expenditure comprises additions to fixed assets, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customers are located. Total assets and capital expenditure are where the assets are located.

## Notes to the Accounts

### 2. TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in securities trading and investment, corporate finance and stockbroking, container transportation and freight forwarding services, sales of motor vehicles meters and components, investment holding, property holding and management. Revenues recognised are as follows:

	2004 HK\$'000	2003 HK\$'000
Turnover		
Securities trading and investment	99,718	148,163
Corporate finance and stockbroking	104,443	89,324
Container transportation and freight forwarding services	48,606	42,496
Sales of motor vehicles meters and components	310,172	–
Investment holding, property holding and management	24,906	1,368
	<hr/>	<hr/>
	587,845	281,351
Other revenue		
Interest income	2,427	3,528
	<hr/>	<hr/>
Total revenues	<b>590,272</b>	<b>284,879</b>

#### **Primary reporting format – business segments**

The Group is organised into six main business segments:

- Securities trading and investment
- Corporate finance and stockbroking
- Container transportation and freight forwarding services
- Sales of motor vehicles meters and components
- Investment holding, property holding and management
- Sales of child products

## Notes to the Accounts

**2. TURNOVER, REVENUE AND SEGMENT INFORMATION** (continued)*Primary reporting format – business segments (continued)*

	Securities trading and investment 2004 HK\$'000	Corporate finance and stockbroking 2004 HK\$'000	Container transportation and freight forwarding services 2004 HK\$'000	*Sales of motor vehicles meters and components 2004 HK\$'000	Investment holding, property holding and management 2004 HK\$'000	Sales of child products 2004 HK\$'000	Group 2004 HK\$'000
Turnover	99,718	104,443	48,606	310,172	24,906	–	587,845
Segment results	287	53,344	(3,387)	(79)	(35,822)	–	14,343
Other revenue							2,427
Finance costs							(4,709)
Share of profits less losses of							
– Associated companies	–	–	–	(11,693)	56,831	11,959	57,097
– Jointly controlled entities	–	–	–	–	2,437	23,078	25,515
Profit before taxation							94,673
Taxation							(14,211)
Profit after taxation							80,462
Minority interests							(110)
Profit attributable to shareholders							80,352
<b>Balance sheet</b>							
Segment assets	36,894	320,687	103,724	3,154	454,640	–	919,099
Investments in associated companies	–	–	–	9,813	245,495	115,490	370,798
Investments in jointly controlled entities	–	–	–	–	37,125	311,265	348,390
Total assets							1,638,287
Segment liabilities	880	139,046	22,599	1,203	53,167	–	216,895
Taxation payable							3,202
Deferred tax liabilities							1,057
Total liabilities							221,154
<b>Other information</b>							
Capital expenditure	420	2,222	9,795	2,921	72,490	–	87,848
Depreciation	91	1,258	5,546	3,626	4,076	–	14,597
Amortisation charge	–	164	–	(2,409)	20,917	(2,486)	16,186

There are no sales or other transactions among the business segments.

\* As at 31st December 2003, Zhejiang Shaoxing Betung Instrument Company Limited and Zhejiang Shaozhong Instrument Company Limited were subsidiaries of the Group. In December 2004, the Group disposed partial interest in these two subsidiaries and these two companies then became associated companies of the Group. Segment results represents eleven months results of these companies.

## Notes to the Accounts

**2. TURNOVER, REVENUE AND SEGMENT INFORMATION** (continued)*Primary reporting format – business segments (continued)*

	Securities trading and investment 2003 HK\$'000	Corporate finance and stockbroking 2003 HK\$'000	Container transportation and freight forwarding services 2003 HK\$'000	*Investment holding, property holding and management 2003 HK\$'000	Sales of child products 2003 HK\$'000	Group 2003 HK\$'000
Turnover	148,163	89,324	42,496	1,368	–	281,351
Segment results	12,668	27,166	(3,368)	(16,092)	–	20,374
Other revenue						3,528
Finance costs						(1,882)
Share of profits less losses of						
– Associated companies	–	–	–	22,549	19,976	42,525
– Jointly controlled entities	–	–	–	3,355	39,610	42,965
Profit before taxation						107,510
Taxation						(16,208)
Profit after taxation						91,302
Minority interests						2,518
Profit attributable to shareholders						93,820
<b>Balance sheet</b>						
Segment assets	43,132	447,202	104,086	535,222	–	1,129,642
Investments in associated companies	–	–	–	188,783	113,276	302,059
Investments in jointly controlled entities	–	–	–	41,581	287,059	328,640
Taxation recoverable						25
Total assets						1,760,366
Segment liabilities	303	205,005	19,475	187,510	–	412,293
Taxation payable						4,342
Deferred tax liabilities						1,332
Total liabilities						417,967
<b>Other information</b>						
Capital expenditure	2	1,277	2,936	88,637	–	92,852
Depreciation	31	1,093	5,433	1,931	–	8,488
Amortisation charge	–	164	–	19,392	(2,761)	16,795

There are no sales or other transactions among the business segments.

\* As at 31 December 2003, segment assets and segment liabilities of sales of motor vehicles, meters and components amounted to HK\$153,239,000 and HK\$91,110,000 respectively.

## Notes to the Accounts

**2. TURNOVER, REVENUE AND SEGMENT INFORMATION** *(continued)***Secondary reporting format – geographical segments**

The Group operates in two main geographical areas:

- Hong Kong – securities trading and investment, corporate finance and stockbroking, investment holding, property holding and management
- Chinese Mainland – container transportation and freight forwarding services, sales of motor vehicles meters and components

	Turnover 2004 HK\$'000	Segment results 2004 HK\$'000	Total assets 2004 HK\$'000	Capital expenditure 2004 HK\$'000
Hong Kong	217,679	48,165	565,493	51,474
Chinese Mainland	369,790	(31,121)	318,035	35,963
Others	376	(2,701)	35,571	411
	<u>587,845</u>	<u>14,343</u>	<u>919,099</u>	<u>87,848</u>
Interest income		<u>2,427</u>		
Operating profit		<u>16,770</u>		
Investments in associated companies			370,798	
Investments in jointly controlled entities			<u>348,390</u>	
Total assets			<u>1,638,287</u>	

There are no sales among the geographical segments.

## Notes to the Accounts

**2. TURNOVER, REVENUE AND SEGMENT INFORMATION** (continued)*Secondary reporting format – geographical segments (continued)*

	Turnover	Segment	Total	Capital
	2003	results	assets	expenditure
	2003	2003	2003	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	237,834	51,813	723,789	813
Chinese Mainland	43,007	(26,799)	363,463	91,982
Others	510	(4,640)	42,390	57
	<u>281,351</u>	<u>20,374</u>	<u>1,129,642</u>	<u>92,852</u>
Interest income		<u>3,528</u>		
Operating profit		<u>23,902</u>		
Investments in associated companies			302,059	
Investments in jointly controlled entities			328,640	
Taxation recoverable			<u>25</u>	
Total assets			<u>1,760,366</u>	

There are no sales among the geographical segments.

## Notes to the Accounts

**3. OPERATING PROFIT**

Operating profit is stated after crediting and charging the following:

	Group	
	2004	2003
	HK\$'000	HK\$'000
<b>Crediting</b>		
Recovery of the deposit for purchase of an office premises	–	9,000
Recovery of bad debts previously written off	259	700
Dividend income from listed investments *	497	787
Gross rental income from investment properties	–	308
Gain on disposal of long-term investments, listed	591	1,439
Gain on disposal of other investments, unlisted	248	13,259
Gain on disposal of partial interest in an associated company	–	6,002
Gain on disposal of subsidiaries	4,241	–
Amortisation of negative goodwill**	5,521	3,178
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<b>Charging</b>		
Depreciation	14,597	8,488
Amortisation of trading rights and patent	683	164
Amortisation of goodwill***	21,024	19,809
Cost of inventories	173,935	–
Staff costs (note 5)	128,263	80,418
Direct expense in respect of container transportation and freight forwarding services	45,249	40,238
Operating leases rental in respect of land and buildings	4,660	2,908
Outgoings in respect of investment properties	85	112
Auditors' remuneration	1,530	1,232
Unrealised loss on revaluation of other investments	–	1,238
Provision for doubtful debts	4,746	–
Loss on disposal of fixed assets	956	36
Net exchange loss	34	298
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\* included in turnover

\*\* included in other operating income

\*\*\* included in other operating expenses

## Notes to the Accounts

**4. FINANCE COSTS**

Interest on bank loans and overdrafts

Group	
2004	2003
<i>HK\$'000</i>	<i>HK\$'000</i>
<b>4,709</b>	1,882

**5. STAFF COSTS**

Staff costs, including directors' remuneration, comprise:

Wages, salaries and allowance  
Benefits  
Pension cost – defined contribution plans

Group	
2004	2003
<i>HK\$'000</i>	<i>HK\$'000</i>
<b>117,169</b>	72,181
<b>6,032</b>	4,722
<b>5,062</b>	3,515
<b>128,263</b>	80,418



## Notes to the Accounts

**6. TAXATION**

Hong Kong profits tax has been provided for at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

(a) *The amount of taxation charged to the consolidated profit and loss account represents:*

	Group	
	2004 HK\$'000	2003 HK\$'000
Hong Kong profits tax		
Current	6,433	4,426
Under-provision in previous years	35	–
Overseas taxation		
Current	4,610	(215)
Over-provision in previous years	(134)	–
Deferred taxation	(275)	42
Share of taxation attributable to:		
Associated companies	1,470	4,323
Jointly controlled entities	2,072	7,632
Taxation charge	<b>14,211</b>	16,208

## Notes to the Accounts

**6. TAXATION** (continued)**(a) The amount of taxation charged to the consolidated profit and loss account represents:**  
(continued)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong, the home country of the Group, as follows:

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	<u>94,673</u>	<u>107,510</u>
Calculated at a taxation rate of 17.5% (2003: 17.5%)	16,568	18,814
Effect of different taxation rates in other countries	(2,386)	(1,135)
Income not subject to taxation	(20,909)	(11,081)
Expenses not deductible for taxation purposes	18,151	5,882
Over-provision in previous years, net	(99)	–
Utilisation of previously unrecognised tax losses	(390)	(280)
Unrecognised deferred tax assets	3,448	3,890
Others	<u>(172)</u>	<u>118</u>
Taxation charge	<u>14,211</u>	<u>16,208</u>

**(b) The amount of taxation in the consolidated balance sheet represents:**

	Group	
	2004 HK\$'000	2003 HK\$'000
Recoverable		
Overseas	<u>–</u>	<u>25</u>
Payable		
Hong Kong profits tax	2,399	1,945
Overseas income taxes	<u>803</u>	<u>2,397</u>
	<u>3,202</u>	<u>4,342</u>

## Notes to the Accounts

**7. PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

Included in the profit attributable to shareholders is a loss of approximately HK\$13,408,000 (2003: HK\$10,872,000) dealt with in the accounts of the Company.

**8. DIVIDEND**

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Final, proposed, of HK\$0.01 (2003: HK\$0.012) per ordinary share	<u>11,737</u>	<u>14,084</u>

*Note:*

At a meeting held on 18th April 2005, the Directors declared a final dividend of HK\$0.01 per ordinary share. This proposed dividend is not reflected as a dividend payable in the accounts, but will be reflected as an appropriation of retained profits for the year ended 31st December 2005.

**9. EARNINGS PER SHARE**

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to shareholders of HK\$80,352,030 (2003: HK\$93,819,623). The basic earnings per share is based on the weighted average number of 1,173,691,705 (2003: 1,173,402,915) shares in issue during the year. The diluted earnings per share is based on 1,194,874,270 (2003: 1,190,206,060) shares which is the weighted average number of shares in issue during the year plus the weighted average number of 21,182,565 (2003: 16,803,145) shares deemed to be issued at no consideration if all outstanding options had been exercised.

## Notes to the Accounts

**10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS****(a) Directors' emoluments**

The aggregate amounts of emoluments payable to directors of the Company are as follows:

	2004 HK\$'000	2003 HK\$'000
Fees	761	540
Other emoluments:		
Basic salaries and allowances,	6,463	6,431
Discretionary bonuses	5,700	5,000
Retirement scheme contributions	456	400
	<u>13,380</u>	<u>12,371</u>

Directors' fees disclosed above include HK\$761,000 (2003: HK\$540,000) paid to independent non-executive directors.

Certain directors of the Company have been granted options to acquire shares of the Company. Details of share options granted, exercised and lapsed are disclosed in the Report of the Directors.

The emoluments of the directors fell within the following bands:

Emolument bands HK\$	Number of directors	
	2004	2003
0 – 1,000,000	4	4
2,500,001 – 3,000,000	1	1
3,000,001 – 3,500,000	–	1
3,500,001 – 4,000,000	1	–
5,000,001 – 5,500,000	–	1
5,500,001 – 6,000,000	1	–
	<u>7</u>	<u>7</u>

No director has waived emolument in respect of the years ended 31st December 2004 and 2003.

## Notes to the Accounts

**10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS***(continued)***(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year include three (2003: three) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2003: two) individuals during the year are as follows:

	2004 HK\$'000	2003 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	4,167	3,891
Discretionary bonuses	4,692	8,675
Retirement scheme contributions	126	80
	<u>8,985</u>	<u>12,646</u>

The emoluments fell within the following bands:

Emolument bands HK\$	Number of individuals	
	2004	2003
2,500,001 – 3,000,000	–	1
3,000,001 – 3,500,000	1	–
5,500,001 – 6,000,000	1	–
9,500,001 – 10,000,000	–	1
	<u>2</u>	<u>2</u>

During the year, no emoluments were paid to the five highest paid individuals (including directors, members and employees) as an inducement to join the Group or as compensation for loss of office.

**11. RETIREMENT BENEFIT COSTS**

The Group operates defined contribution retirement schemes which are available to Hong Kong employees. The rates of contributions are 5% of basic salary from the employees and 5% to 15% from the Group as employer depending on the length of service of the individuals. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions to the schemes are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

No forfeited contributions of defined contribution retirement schemes in Hong Kong was utilised during the year (2003: HK\$25,869). There is no outstanding balance as at the balance sheet dates of 2004 and 2003 available to reduce the contributions payable in the future years.

## Notes to the Accounts

**11. RETIREMENT BENEFIT COSTS** *(continued)*

Contributions totalling HK\$97,355 (2003: HK\$93,144) were payable to the retirement scheme at the year-end and are included in accounts payable.

The Group also contributes to retirement plans for its employees in the Chinese Mainland and overseas. The rates of contributions are approximately 17% to 28% of basic salary from the Group for its employees in the Chinese Mainland and approximately 12% of basic salary from the Group for its overseas employees.

**12. INTANGIBLE ASSETS***Group*

	Goodwill	Negative goodwill	Futures Exchange trading rights and Patent	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost				
At 1st January 2004	49,634	(13,195)	4,506	40,945
Acquisition of subsidiaries <i>(note 29(c))</i>	7,630	–	1,299	8,929
Disposal of subsidiaries <i>(note 29(d))</i>	–	4,573	–	4,573
<b>At 31st December 2004</b>	<b>57,264</b>	<b>(8,622)</b>	<b>5,805</b>	<b>54,447</b>
Accumulated amortisation				
At 1st January 2004	(20,108)	220	(3,141)	(23,029)
Charge for the year	(20,496)	2,563	(683)	(18,616)
Disposal of subsidiaries <i>(note 29(d))</i>	–	(915)	–	(915)
<b>At 31st December 2004</b>	<b>(40,604)</b>	<b>1,868</b>	<b>(3,824)</b>	<b>(42,560)</b>
Net book value				
<b>At 31st December 2004</b>	<b>16,660</b>	<b>(6,754)</b>	<b>1,981</b>	<b>11,887</b>
At 31st December 2003	29,526	(12,975)	1,365	17,916

## Notes to the Accounts

## 13 FIXED ASSETS

## (a) Group

	Investment properties		Land and buildings		Furniture, fixtures and equipment	Plant and machinery	Motor vehicles and trucks	Construction- in-progress	Total
	Long-term leases in Hong Kong	Long-term leases outside Hong Kong	Long-term leases in Hong Kong	Medium-term leases outside Hong Kong					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cost or valuation</b>									
At 1st January 2004	5,700	10,950	97,485	64,464	25,929	40,668	56,095	36,452	337,743
Addition	-	-	-	35,593	4,295	2,058	8,370	34,663	84,979
Acquisition of subsidiaries (note 29(c))	-	-	-	-	2,516	-	353	-	2,869
Disposal	-	-	-	(423)	(1,874)	(287)	(4,523)	(202)	(7,309)
Disposal of subsidiaries (note 29(d))	-	-	-	(26,985)	-	(32,282)	(2,059)	-	(61,326)
Transfers	(5,700)	-	5,700	-	-	-	-	-	-
Exchange adjustment	-	-	-	-	3	-	-	-	3
<b>At 31st December 2004</b>	<b>-</b>	<b>10,950</b>	<b>103,185</b>	<b>72,649</b>	<b>30,869</b>	<b>10,157</b>	<b>58,236</b>	<b>70,913</b>	<b>356,959</b>
<b>Accumulated depreciation</b>									
At 1st January 2004	-	-	11,410	19,598	15,477	23,188	39,464	-	109,137
Charge for the year	-	-	1,365	3,244	4,128	3,076	2,784	-	14,597
Disposal	-	-	-	(140)	(1,685)	(237)	(4,084)	-	(6,146)
Disposal of subsidiaries (note 29(d))	-	-	-	(9,498)	-	(20,229)	(1,330)	-	(31,057)
Exchange adjustment	-	-	-	-	2	-	-	-	2
<b>At 31st December 2004</b>	<b>-</b>	<b>-</b>	<b>12,775</b>	<b>13,204</b>	<b>17,922</b>	<b>5,798</b>	<b>36,834</b>	<b>-</b>	<b>86,533</b>
<b>Net book value</b>									
<b>At 31st December 2004</b>	<b>-</b>	<b>10,950</b>	<b>90,410</b>	<b>59,445</b>	<b>12,947</b>	<b>4,359</b>	<b>21,402</b>	<b>70,913</b>	<b>270,426</b>
At 31st December 2003	5,700	10,950	86,075	44,866	10,452	17,480	16,631	36,452	228,606

## Notes to the Accounts

**13 FIXED ASSETS** (continued)**(a) Group** (continued)

The analysis of the cost or valuation at 31st December 2004 of the above assets is as follows:

	Investment properties		Land and buildings		Furniture, fixtures and equipment	Plant and machinery	Motor		Total
	Long-term leases in Hong Kong	Long-term leases outside Hong Kong	Long-term leases in Hong Kong	Medium-term leases outside Hong Kong			vehicles and trucks	Construction- in-progress	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000	HK\$'000	
At cost	-	-	6,544	72,649	30,869	10,157	58,236	70,913	249,368
At professional valuation									
- 1994	-	-	96,641	-	-	-	-	-	96,641
- 2004	-	10,950	-	-	-	-	-	-	10,950
	-	10,950	103,185	72,649	30,869	10,157	58,236	70,913	356,959

Investment properties were revalued at 31st December 2004 on the basis of their open market values by Chung, Chan & Associates, an independent firm of chartered surveyors.

The carrying amount of the land and buildings in Hong Kong under long-term leases would have been HK\$38,629,672 (2003: HK\$40,374,952) had they been stated at cost less accumulated depreciation.

At 31st December 2004, the net book value of land and buildings pledged as security for the Group's short-term bank loans amounted to HK\$108,546,376 (2003: HK\$102,196,917).

The Group's interest in investment properties and land and buildings at net book values are analysed as follows:

	2004 HK\$'000	2003 HK\$'000
In Hong Kong, held on Leases over 50 years	<b>90,410</b>	91,775
Outside Hong Kong, held on Leases over 50 years	<b>10,950</b>	10,950
Leases between 10 to 50 years	<b>59,445</b>	44,866
	<b>70,395</b>	55,816



## Notes to the Accounts

**13 FIXED ASSETS** (continued)

## (b) Company

	<b>Motor vehicles</b>
	<i>HK\$'000</i>
Cost	
At 1st January 2004 and at 31st December 2004	442
Accumulated depreciation	
At 1st January 2004	110
Charge for the year	89
At 31st December 2004	199
Net book value	
At 31st December 2004	<b>243</b>
At 31st December 2003	332

**14. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2004</b>	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments, at cost	<b>33,772</b>	33,691
Loans to subsidiaries	<b>1,076,954</b>	1,042,064
Less: accumulated impairment losses	<b>(251,337)</b>	(243,101)
	<b>859,389</b>	832,654

Except for a loan to First Shanghai Securities Limited of HK\$70 million which is interest bearing at prime rate plus 1% the above loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

## Notes to the Accounts

**14. INVESTMENTS IN SUBSIDIARIES** (continued)

The following is a list of the principal subsidiaries at 31st December 2004 (see note (a) below):

Name	Place of incorporation/ establishment <i>(see note (b) and (c) below)</i>	Particulars of issued share capital/ registered capital	Effective interest held		Principal activities
			2004	2003	
<b>Shares held directly:</b>					
First Shanghai Properties Limited	Hong Kong	16,500,002 ordinary shares of HK\$1 each	100%	100%	Property investment
First Shanghai Management Services Limited	Hong Kong	1,200,000 ordinary shares of HK\$1 each	100%	100%	Agency, management and secretarial services
First Shanghai Nominees Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	100%	Nominee services
First Shanghai Direct Investments Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	100%	Investment holding
First Shanghai Investment Management Limited	Hong Kong	1,000,000 ordinary shares of HK\$1 each	100%	100%	Financial advisory
* First Shanghai Finance Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	100%	Money lending
* First Shanghai Financial Holding Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100%	100%	Investment holding
* UAT Holdings Limited	British Virgin Islands	100 ordinary shares of US\$1 each	100%	100%	Investment holding
* P.I. Investments Australia Pty. Limited	Australia	2,000,000 ordinary shares of A\$1 each	100%	100%	Share investment

## Notes to the Accounts

**14. INVESTMENTS IN SUBSIDIARIES** *(continued)*

Name	Place of incorporation/ establishment <i>(see note (b) and (c) below)</i>	Particulars of issued share capital/ registered capital	Effective interest held		Principal activities
			2004	2003	
<b>Shares/Investments held indirectly:</b>					
First Shanghai Capital Limited	Hong Kong	12,000,000 ordinary shares of HK\$1 each	100%	100%	Corporate Finance
First Shanghai Securities Limited	Hong Kong	65,000,000 ordinary shares of HK\$1 each	100%	100%	Stockbroking
CVIC International Container Transportation Company Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100%	100%	Investment Holding
* First Information Technology Limited	British Virgin Islands	10 ordinary shares of US\$1 each	78.2%	100%	Investment holding
* First Shanghai Hygienic Products Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100%	100%	Investment Holding
* Golad Resources Limited	British Virgin Islands	100 ordinary shares of US\$1 each	100%	100%	Investment Holding
* Shanghai Zhong Chuang International Container Storage & Transportation Company Limited	Chinese Mainland	US\$10,457,447	54%	54%	Container transportation and freight forwarding
* Atlas Securities Pty. Limited	Australia	2 ordinary shares of A\$1 each	100%	100%	Securities investment
* Leading Business Limited	British Virgin Islands	1,450,000 ordinary shares of US\$1 each	100%	100%	Property investment

## Notes to the Accounts

**14. INVESTMENTS IN SUBSIDIARIES** (continued)

Name	Place of incorporation/ establishment (see note (b) and (c) below)	Particulars of issued share capital/ registered capital	Effective interest held		Principal activities
			2004	2003	
<b>Shares/Investments held indirectly: (continued)</b>					
China Assets Investment Management Limited	Hong Kong	2,000 ordinary shares of HK\$1 each	<b>65.5%</b>	65.5%	Management and investment advisory services
* Public Holdings (Australia) Limited (Listed in Sydney, Australia)	Australia	14,979,000 ordinary shares of A\$0.125 each	<b>78.6%</b>	78.6%	Securities investment
* P.H.A Investments Pty. Limited	Australia	60,000 ordinary shares of A\$2 each	<b>78.6%</b>	78.6%	Property investment
* P.H.A Trading Pty. Limited	Australia	2 ordinary shares of A\$0.5 each	<b>78.6%</b>	78.6%	Securities investment
First Shanghai Futures Limited	Hong Kong	8,000,000 ordinary shares of HK\$1 each	<b>100%</b>	100%	Futures broking
China C&Y International Holdings Limited	Cayman Islands	160,000 ordinary shares of US\$1 each	<b>100%</b>	100%	Investment Holding
* First Shanghai Fund Management Limited	British Virgin Islands	100 ordinary shares of US\$1 each	<b>100%</b>	100%	Fund management
* CT Prime Assets Limited	British Virgin Islands	10 ordinary shares of US\$1 each	<b>100%</b>	100%	Securities Investment
* First Shanghai Venture Capital Management Limited	Chinese Mainland	HK\$1,000,000	<b>100%</b>	100%	Venture capital & management
* BonVision International Consulting Limited	Chinese Mainland	HK\$1,000,000	<b>100%</b>	100%	Financial Consultancy

## Notes to the Accounts

**14. INVESTMENTS IN SUBSIDIARIES** *(continued)*

Name	Place of incorporation/ establishment <i>(see note (b) and (c) below)</i>	Particulars of issued share capital/ registered capital	Effective interest held		Principal activities
			2004	2003	
<b>Shares/Investments held indirectly:</b> <i>(continued)</i>					
* Bonvision Technology (Shanghai) Limited	Chinese Mainland	US\$200,000	100%	100%	Technology consultancy
* Fu Hai Digital Science & Technology (Shanghai) Company Limited	Chinese Mainland	US\$750,000	100%	100%	Property development
* Kunshan Traders Park Hotel Company Limited	Chinese Mainland	US\$12,000,000	65%	65%	Hotel development
* Crimson Pharmatech (Shanghai) Company Limited	Chinese Mainland	US\$1,400,000	51%	51%	Pharmaceutical Services
* Shanghai Transvision Network Application Services Company Limited	Chinese Mainland	US\$1,800,000	100%	100%	Investment Holding
* Shanghai Yi Hang Logistic Network Management Limited	Chinese Mainland	RMB2,000,000	73.39%	73.39%	Logistics services
Zhejiang Shaoxing Betung Instrument Company Limited <i>(see note 15(c))</i>	Chinese Mainland	RMB61,950,000	–	73%	Sale of motor vehicles meters and components
Zhejiang Shaohong Instrument Company Limited <i>(see note 15(c))</i>	Chinese Mainland	RMB2,332,621	–	73%	Sale of motor vehicles meters and components
* Changchun FAW Siluan Betung Instrument Company Limited	Chinese Mainland	RMB7,700,000	55%	55%	Manufacture of autoparts

## Notes to the Accounts

**14. INVESTMENTS IN SUBSIDIARIES** (continued)

Name	Place of incorporation/ establishment (see note (b) and (c) below)	Particulars of issued share capital/ registered capital	Effective interest held		Principal activities
			2004	2003	
<b>Shares/Investments held indirectly: (continued)</b>					
* Yongzhou Chang Yi Car Electronic Company Limited	Chinese Mainland	RMB9,400,000	51%	–	Manufacture of autoparts
GTI Financial Information Limited ("GTI") (see note (d) below)	Hong Kong	279,999,999 ordinary shares of HK\$0.1 each	78.21%	–	Investment holding
* Shanghai Huan Ya Insurance Agency Company Limited ("Huan Ya") (see note (e) below)	Chinese Mainland	RMB20,000,000	62%	–	Insurance broker
* Draco Equity Investment Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100%	–	Securities Investment

\* The financial statements of these subsidiaries are not audited by PricewaterhouseCoopers. The aggregate net assets of subsidiaries not audited by PricewaterhouseCoopers amounted to approximately 23% (2003: 21%) of the Group's net assets.

## Notes:

- (a) The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affect the results of the year or form a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.
- (b) The subsidiaries operate principally in their places of incorporation.
- (c) All the subsidiaries established in Chinese Mainland are joint ventures.
- (d) As at 31st December 2003, GTI was a jointly controlled entity of the Group. In July 2004, the Group acquired a further 18.5% in GTI and the company then became a subsidiary of the Group.
- (e) Huan Ya was established as an equity joint venture in the Chinese Mainland in March 2002 for a term of 20 years. As at 31st December 2003, Huan Ya was a jointly controlled entity of the Group. In January 2004, the Group acquired a further 22% in Huan Ya and the company then became a subsidiary of the Group.

## Notes to the Accounts

**15. INVESTMENTS IN ASSOCIATED COMPANIES**

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	<b>370,269</b>	302,059
Goodwill on acquisition of associated companies less amortisation	<b>529</b>	–
	<b>370,798</b>	302,059
Investments at cost:		
Shares listed in Hong Kong	<b>190,168</b>	190,168
Unlisted	<b>21,636</b>	–
	<b>211,804</b>	190,168
Market value of listed shares	<b>204,803</b>	264,419

## Notes to the Accounts

**15. INVESTMENTS IN ASSOCIATED COMPANIES** (continued)

The following is a list of associated companies as at 31st December 2004:

Name	Place of incorporation	Particulars of issued shares/ registered capital	Effective interests held indirectly		Principal Activities
			2004	2003	
RBI Holdings Limited ("RBI") (see notes (a) and (b) below)	Bermuda	371,712,782 ordinary shares of HK\$0.1 each	<b>19.92%</b>	20.16%	Manufacture of toys
China Assets (Holdings) Limited ("China Assets") (see notes (a) and (b) below)	Hong Kong	74,383,160 ordinary shares of US\$0.1 each	<b>33.83%</b>	33.83%	Investment Holding
Zhejiang Shaoxing Betung Instrument Company Limited ("Shaoxing Betung") (see notes (c) below)	Chinese Mainland	RMB61,950,000	<b>30%</b>	–	Sales of motor vehicle meters and components
Zhejiang Shaohong Instrument Company Limited ("Shaohong") (see notes (c) below)	Chinese Mainland	RMB2,332,621	<b>30%</b>	–	Sales of motor vehicle meters and components

Note:

- (a) RBI and China Assets are companies listed on The Stock Exchange of Hong Kong Limited.
- (b) Both RBI and China Assets operate principally in Hong Kong.
- (c) As at 31st December 2003, Shaoxing Betung and Shaohong are subsidiaries of the Group. In December 2004, the Group sold partial interest in these two subsidiaries at a total consideration of HK\$37,909,350 and recorded a gain on disposal of approximately HK\$4,190,422 in the profit and loss account. Shaoxing Betung and Shaohong then became associated companies of the Group.



## Notes to the Accounts

**15. INVESTMENTS IN ASSOCIATED COMPANIES** *(continued)*

Additional information in respect of the Group's major associated companies is given as follows:

**RBI**

For the year ended 31st December 2004

	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000
Profit and loss account		
Turnover	<b>583,085</b>	573,705
Profit before taxation	<b>60,033</b>	99,630
Balance sheet		
Non-current assets	<b>343,673</b>	286,370
Current assets	<b>324,442</b>	355,325
Current liabilities	<b>(72,717)</b>	(74,837)
Non-current liabilities	<b>(8,621)</b>	(4,216)
Net assets	<b>586,777</b>	562,642
Group's share of net assets	<b>115,490</b>	113,276
Group's share of profit before taxation	<b>11,959</b>	19,976
Group's share of taxation	<b>1,220</b>	2,720

## Notes to the Accounts

**15. INVESTMENTS IN ASSOCIATED COMPANIES** (continued)*China Assets*

For the year ended 31st December 2004

	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000
Profit and loss account		
Turnover	<b>7,291</b>	2,460
Profit before taxation	<b>175,456</b>	85,609
Balance sheet		
Non-current assets	<b>383,173</b>	472,657
Current assets	<b>500,718</b>	240,996
Current liabilities	<b>(1,903)</b>	(2,225)
Net assets	<b>881,988</b>	711,428
Group's share of net assets	<b>245,495</b>	188,783
Group's share of profit before taxation	<b>56,831</b>	22,541
Group's share of taxation	<b>139</b>	1,604

**16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES**

	Group		Company	
	<b>2004</b>	2003	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Share of net assets	<b>352,615</b>	334,007	–	–
Unlisted investments at cost	–	–	<b>124,171</b>	112,378
Goodwill on acquisition of jointly controlled entities less amortisation	<b>(4,225)</b>	(5,367)	–	–
	<b>348,390</b>	328,640	<b>124,171</b>	112,378

## Notes to the Accounts

**16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES** (continued)

The following is a list of the principal jointly controlled entities as at 31st December 2004:

Name	Place of incorporation/ establishment and operation	Principal activities	Effective interest in ownership/voting power/profit sharing	
			2004	2003
Goodbaby Bairuikang Hygienic Products Company Limited ("Goodbaby Bairuikang") (see note (a) below)	Chinese Mainland	Production of diapers and related hygienic products	50%	50%
Geoby International Holdings Limited ("Geoby") (see note (b) below)	Cayman Islands	Investment holding	49.5%	49.5%
Shanghai Zhangjiang Information Properties Company Limited ("Zhangjiang") (see note (c) below)	Chinese Mainland	Property development	50%	50%
GTI Financial Information Limited ("GTI") (see note 14(d))	Hong Kong	Investment holding	–	59.71%
Shanghai Huan Ya Insurance Agency Company Limited ("Huan Ya") (see note 14(e))	Chinese Mainland	Insurance agency	–	40%

Note:

- (a) Goodbaby Bairuikang was established as an equity joint venture in the Chinese Mainland in December 1997 for a term of 50 years.
- (b) Geoby is an investment holding company. Its main subsidiary is Goodbaby Child Products Company Limited ("Goodbaby") which engaged in the production of baby and infant items.
- (c) Zhangjiang was established as an equity joint venture in the Chinese Mainland in October 2002 for a term of 50 years.

## Notes to the Accounts

**16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES** (continued)

Additional information in respect of the Group's major jointly controlled entity is given as follows:

**Geoby**

	2004 HK\$'000	2003 HK\$'000
Profit and loss account		
Turnover	1,872,760	1,392,991
Profit before taxation	<u>60,947</u>	<u>88,531</u>
Balance sheet		
Non-current assets	578,497	536,059
Current assets	1,173,164	739,610
Current liabilities	(1,141,419)	(731,712)
Non-current liabilities	<u>(13,965)</u>	<u>–</u>
Net assets	<u>596,277</u>	<u>543,957</u>
Group's share of net assets	<u>297,433</u>	<u>269,177</u>
Group's share of profit before taxation	<u>30,169</u>	<u>42,897</u>
Group's share of taxation	<u>1,441</u>	<u>4,888</u>

**17. INVESTMENT SECURITIES**

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Listed shares –				
overseas (a)	13,223	17,909	–	–
Unlisted investment				
in fund – quoted				
in Hong Kong (b)	15,406	15,406	–	–
Unlisted investments (c)	<u>60,842</u>	<u>65,785</u>	<u>56,251</u>	<u>59,441</u>
	<u>89,471</u>	<u>99,100</u>	<u>56,251</u>	<u>59,441</u>

## Notes to the Accounts

**17. INVESTMENT SECURITIES** (continued)**(a) Listed shares – overseas**

	Group	
	2004 HK\$'000	2003 HK\$'000
Listed shares – overseas, at cost	<u>13,223</u>	<u>17,909</u>
Market value	<u>13,785</u>	<u>19,110</u>

**(b) Unlisted investment in fund – quoted in Hong Kong**

	Group	
	2004 HK\$'000	2003 HK\$'000
Quoted value	<u>27,977</u>	<u>21,352</u>

**(c) Unlisted investments**

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Shares, bonds and debenture, at cost	<b>47,078</b>	49,958	<b>6,704</b>	7,831
Less: accumulated impairment losses	<b>(35,783)</b>	(35,783)	–	–
	<u>11,295</u>	<u>14,175</u>	<u>6,704</u>	<u>7,831</u>
Loan	<b>64,034</b>	66,097	<b>64,034</b>	66,097
Less: accumulated impairment losses	<b>(14,487)</b>	(14,487)	<b>(14,487)</b>	(14,487)
	<u>49,547</u>	<u>51,610</u>	<u>49,547</u>	<u>51,610</u>
	<u>60,842</u>	<u>65,785</u>	<u>56,251</u>	<u>59,441</u>

## Notes to the Accounts

**18. LOANS RECEIVABLE**

The loans receivable represents loan to a third party, secured, bears interest at 5% per annum and are repayable after one year from 31 December 2004. The Group has a plan to convert the loans receivable into equity interests of the borrower.

**19. INVENTORIES**

	Group	
	2004 HK\$'000	2003 HK\$'000
Raw materials	1,705	5,232
Work-in-progress	57	2,918
Finished goods	4,126	48,924
	<u>5,888</u>	<u>57,074</u>

At 31st December 2004, the carrying amount of inventories that are carried at net realisable value amounted to HK\$4,126,238 (2003: HK\$48,924,268).

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**20. OTHER INVESTMENTS**

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Equity securities, at market value				
Listed shares				
– Overseas	11	9,243	–	–
– Hong Kong	2,414	–	–	–
	<u>2,425</u>	9,243	–	–
Unlisted – Hong Kong	–	15,150	–	15,150
Total	<u>2,425</u>	<u>24,393</u>	<u>–</u>	<u>15,150</u>

## Notes to the Accounts

**21. ACCOUNTS RECEIVABLE**

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Due from stockbrokers and Hong Kong Securities Clearing Company Limited	45,084	76,350	-	-
Trade receivables	71,857	137,552	-	-
Bills receivable	3,945	18,914	-	-
	<u>120,886</u>	<u>232,816</u>	<u>-</u>	<u>-</u>

Note:

The ageing analysis of the trade receivables and bills receivable is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	57,921	127,659
31 – 60 days	7,645	18,520
61 – 90 days	4,165	7,520
Over 90 days	6,071	2,767
	<u>75,802</u>	<u>156,466</u>

For securities business, trade receivables are on credit terms of two trading days. For the remaining business of the Group, trade receivables are on credit terms of 30 to 90 days.

**22. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS**

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Other receivables				
Receivables from disposal of subsidiaries	37,909	-	-	-
Receivables from disposal other investments	-	19,500	-	19,500
Expenses paid on behalf of customers	6,984	7,397	-	-
Other receivables	22,038	17,832	1,202	1,483
	<u>66,931</u>	<u>44,729</u>	<u>1,202</u>	<u>20,983</u>
Prepayments and deposits	26,406	7,739	610	872
	<u>93,337</u>	<u>52,468</u>	<u>1,812</u>	<u>21,855</u>

## Notes to the Accounts

**23. SHORT-TERM BANK LOANS AND OVERDRAFTS, SECURED**

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Short-term bank loans, secured	66,981	146,308	50,000	50,000
Overdrafts	19,882	–	19,882	–
	<b>86,863</b>	<b>146,308</b>	<b>69,882</b>	<b>50,000</b>

**24. ACCOUNTS PAYABLE**

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Due to stockbrokers and dealers	311	133	–	–
Due to stockbroking clients	58,609	10,926	–	–
Trade payables	5,339	190,037	–	–
	<b>64,259</b>	<b>201,096</b>	<b>–</b>	<b>–</b>

Note:

The ageing analysis of the trade payables is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	4,834	169,850
31 – 60 days	409	12,166
61 – 90 days	51	6,054
Over 90 days	45	1,967
	<b>5,339</b>	<b>190,037</b>



## Notes to the Accounts

## 25. SHARE CAPITAL AND SHARE OPTIONS

	Ordinary shares of HK\$0.2 each			
	2004		2003	
	<i>Number of shares'000</i>	<i>HK\$'000</i>	<i>Number of shares'000</i>	<i>HK\$'000</i>
Authorised:				
At 1st January and 31st December	<b>2,000,000</b>	<b>400,000</b>	2,000,000	400,000
Issued and fully paid:				
At 1st January	<b>1,173,692</b>	<b>234,738</b>	1,173,324	234,665
Exercise of share options	–	–	368	73
At 31st December	<b>1,173,692</b>	<b>234,738</b>	1,173,692	234,738

Note:

On 24th May 2002, the shareholders of the Company approved the termination of the 1994 Share Option Scheme and the adoption of a new scheme (the 'Scheme') to comply with the new requirements of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The purpose of the Scheme is to assist in recruiting, retaining and motivating key staff. Under the terms of the Scheme, the directors have the discretion to grant to employees and directors of any member of the Group to subscribe for shares in the Company.

The maximum number of shares subject to the Scheme does not in aggregate exceed 30 percent of the shares in issue of the Company from time to time. The total number of shares may be issued upon exercise of all options to be granted under the Scheme must not exceed 113,132,370 shares, being 10 percent of shares in issue as at date of approval of the Scheme by the Shareholders in Annual General Meeting.

Movements in the number of share options outstanding during the year are as follows:

	Number of options	
	2004 '000	2003 '000
At the beginning of the year	<b>56,614</b>	56,982
Exercised	–	(368)
At the end of the year	<b>56,614</b>	56,614
Options vested at 31st December	<b>56,614</b>	56,614

## Notes to the Accounts

**25. SHARE CAPITAL AND SHARE OPTIONS** *(continued)*

Share options outstanding at the end of the year have the following terms:

Expiry date	Exercise price <i>HK\$</i>	Number of options	
		2004	2003
9th February 2005	0.453	<b>4,938,492</b>	4,938,492
7th October 2005	0.342	<b>7,338,100</b>	7,338,100
15th July 2006	0.318	<b>11,839,444</b>	11,839,444
12th November 2007	0.816	<b>16,950,000</b>	16,950,000
15th July 2008	0.283	<b>15,548,000</b>	15,548,000
		<b>56,614,036</b>	56,614,036

## Notes to the Accounts

## 26. OTHER RESERVES

	Share premium HK\$'000	* Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Assets revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Total HK\$'000
<b>Group</b>						
At 1st January 2004	594,896	73,734	14,006	46,854	7,139	736,629
Share of post-acquisition reserves of an associated company and a jointly controlled entity	–	4,924	–	–	–	4,924
Reversal of negative goodwill against reserve upon disposal of subsidiaries	–	(2,910)	–	–	–	(2,910)
Exchanges differences on translation of the accounts of foreign subsidiaries, jointly controlled entities and associated companies	–	–	–	–	2,248	2,248
Transfer from retained profits	–	346	–	–	–	346
<b>At 31st December 2004</b>	<b>594,896</b>	<b>76,094</b>	<b>14,006</b>	<b>46,854</b>	<b>9,387</b>	<b>741,237</b>
Company and its subsidiaries	594,896	48,028	14,006	46,854	5,764	709,548
Associated companies	–	27,871	–	–	1,239	29,110
Jointly controlled entities	–	195	–	–	2,384	2,579
<b>At 31st December 2004</b>	<b>594,896</b>	<b>76,094</b>	<b>14,006</b>	<b>46,854</b>	<b>9,387</b>	<b>741,237</b>

\* Capital reserve mainly includes goodwill/negative goodwill arising on acquisition of subsidiaries, associated companies and jointly controlled entities by the Company and its subsidiaries and statutory reserve. As stipulated by regulations in Chinese Mainland, the Company's subsidiaries established and operated in Chinese Mainland are required to appropriate a portion of their after-tax (after offsetting prior year losses) to a general reserve fund and an enterprise expansion fund, at rates as determined by their respective boards of directors. The general reserve fund can be utilised to offset prior year losses or be utilised for the issuance of bonus shares, whilst the enterprise expansion fund can be utilised for the development of business operations. For the year ended 31st December 2004, a total amount of HK\$346,000 (2003: HK\$559,000) was transferred from retained profits to statutory reserve.

## Notes to the Accounts

**26. OTHER RESERVES** (continued)

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Assets revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Total HK\$'000
<b>Group</b> (Continued)						
At 1st January 2003	594,823	64,162	14,006	46,854	(1,160)	718,685
Premium on shares issued net of expenses	73	–	–	–	–	73
Share of post-acquisition reserves of an associated company and a jointly controlled entity	–	–	–	–	19	19
Reversal of goodwill against reserve upon disposal of an associated company	–	9,013	–	–	–	9,013
Exchanges differences on translation of the accounts of foreign subsidiaries, jointly controlled entities and associated companies	–	–	–	–	8,280	8,280
Transfer from retained profits	–	559	–	–	–	559
<b>At 31st December 2003</b>	<b>594,896</b>	<b>73,734</b>	<b>14,006</b>	<b>46,854</b>	<b>7,139</b>	<b>736,629</b>
Company and its subsidiaries	594,896	50,575	14,006	46,854	3,516	709,847
Associated companies	–	23,046	–	–	1,239	24,285
Jointly controlled entities	–	113	–	–	2,384	2,497
<b>At 31st December 2003</b>	<b>594,896</b>	<b>73,734</b>	<b>14,006</b>	<b>46,854</b>	<b>7,139</b>	<b>736,629</b>

## Notes to the Accounts

**26. OTHER RESERVES** (continued)

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
Company				
At 1st January 2004 and 31st December 2004	594,896	2,104	14,006	611,006
At 1st January 2003	594,823	2,104	14,006	610,933
Premium on shares issued net of expenses	73	–	–	73
At 31st December 2003	594,896	2,104	14,006	611,006

**27. RETAINED PROFITS**

	Group		Company	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
At 1st January	288,430	206,902	32,626	55,231
Transfer to capital reserve	(346)	(559)	–	–
Profit/(loss) for the year	80,352	93,820	(13,408)	(10,872)
Dividend paid	(14,084)	(11,733)	(14,084)	(11,733)
At 31st December	354,352	288,430	5,134	32,626
Representing:				
Proposed final dividend	11,737	14,084	–	14,084
Other	342,615	274,346	5,134	18,542
At 31st December	354,352	288,430	5,134	32,626
Company and subsidiaries	67,732	97,178	5,134	32,626
Associated companies	133,017	77,390	–	–
Jointly controlled entities	153,603	113,862	–	–
At 31st December	354,352	288,430	5,134	32,626

## Notes to the Accounts

### 28. DEFERRED TAXATION

Deferred taxation are calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2003: 17.5%).

The movement on the deferred tax liabilities represented accelerated tax depreciation allowances is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
At 1st January	1,332	1,108
Exchange differences	–	182
(Credited)/charged to profit and loss account (Note 6(a))	<u>(275)</u>	<u>42</u>
At 31st December	<u>1,057</u>	<u>1,332</u>

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of approximately HK\$202,581,000 (2003: HK\$194,726,000) to carry forward against future taxable income. This tax loss has no expiry date.

## Notes to the Accounts

**29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT****(a) Reconciliation of profit before taxation to net cash inflow/(outflow) used in operations**

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	94,673	107,510
Share of net profit of associated companies and jointly controlled entities	(82,612)	(85,490)
Interest income	(2,427)	(3,528)
Dividend income from listed investments	(497)	(787)
Interest expenses on bank loans and overdrafts	4,709	1,882
Loss on disposal of fixed assets	956	36
Gain on disposal of certain interest in an associated company	-	(6,002)
Gain on disposal of subsidiaries	(4,241)	-
Gain on disposal of investment securities	(591)	(1,406)
Depreciation	14,597	8,488
Amortisation of trading rights and patent	683	164
Amortisation of goodwill	21,024	19,809
Amortisation of negative goodwill	(5,521)	(3,178)
	<hr/>	<hr/>
Operating profit before working capital changes	40,753	37,498
Increase in inventories	(19,320)	(1,103)
Decrease/(increase) in accounts receivable	45,900	(140,591)
Decrease/(increase) in other receivable, prepayments and deposits	8,254	(18,923)
Increase in loans and advances	(30,681)	(56,216)
Decrease/(increase) in other investments	21,969	(1,895)
(Decrease)/increase in accounts payable	(50,439)	139,292
(Decrease)/increase in accruals	(4,969)	21,369
	<hr/>	<hr/>
Net cash inflow/(outflow) used in operations	<b>11,467</b>	(20,569)

## Notes to the Accounts

## 29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

## (b) Analysis of changes in financing

	Share capital including premium		Bank loans	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
At 1st January	<b>829,634</b>	829,488	<b>146,308</b>	2,835
Issue of shares	–	146	–	–
New short-term loans	–	–	<b>17,919</b>	120,000
Repayment of short-term loans	–	–	<b>(70,000)</b>	–
Acquisition of subsidiaries	–	–	–	23,473
Disposal of subsidiaries (note 29(d))	–	–	<b>(27,246)</b>	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December	<b>829,634</b>	829,634	<b>66,981</b>	146,308



## Notes to the Accounts

**29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT** (continued)**(c) Acquisition of subsidiaries**

	2004 HK\$'000	2003 HK\$'000
Net assets acquired:		
Fixed assets	2,869	43,481
Intangible assets	1,299	136
Investments securities	–	6,344
Accounts receivable	1,973	56,856
Other receivable and prepayments	27,972	5,653
Inventories	115	54,701
Bank balances and cash	3,064	14,458
Trade payables	(13)	(54,735)
Other payables and accruals	(16,831)	(13,225)
Taxation	–	(2,193)
Bank loans	–	(23,473)
Minority interests	(7,327)	(21,180)
	<b>13,121</b>	66,823
Less: Interest originally held by the Group		
An associated company	–	(966)
A jointly controlled entity	(6,223)	(28,143)
	<b>6,898</b>	37,714
Goodwill/(negative goodwill)	7,630	(12,414)
	<b>14,528</b>	25,300
Satisfied by:		
Cash	14,528	25,300
Analysis of the net cash outflow in respect of the acquisition of subsidiaries:		
	2004 HK\$'000	2003 HK\$'000
Bank balances and cash acquired	3,064	14,458
Cash consideration	(14,528)	(25,300)
Net cash outflow in respect of the acquisition of subsidiaries	<b>(11,464)</b>	(10,842)

## Notes to the Accounts

**29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT** (continued)**(d) Disposal of subsidiaries**

	2004 HK\$'000	2003 HK\$'000
Net assets disposed of:		
Fixed assets	30,269	–
Investment securities	4,093	–
Inventories	70,621	–
Accounts receivable	79,558	–
Other receivable and prepayments	5,205	–
Bank balances and cash	11,670	–
Accounts payable	(86,411)	–
Accruals	(10,978)	–
Taxation	(1,429)	–
Bank loans	(27,246)	–
Minority interests	(13,976)	–
	<b>61,376</b>	–
Realisation of goodwill	(6,568)	–
Investment in associated companies	(21,089)	–
Gain on disposal	4,241	–
	<b>37,960</b>	–
Satisfied by		
Cash consideration (included in other receivable as at 31st December 2004)	37,909	–
Cash consideration received	51	–
	<b>37,960</b>	–

Analysis of the net cash outflow in respect of the disposal of subsidiaries:

	2004 HK\$'000	2003 HK\$'000
Bank balances and cash disposed	(11,670)	–
Cash consideration	51	–
Net cash outflow in respect of the disposal of subsidiaries	<b>(11,619)</b>	–

## Notes to the Accounts

**30. BANK BALANCES AND BANKING FACILITIES**

- (a) Fixed deposits of HK\$15 million (2003: HK\$15 million) as well as properties of the Group with an aggregate net book value of HK\$108,546,376 (2003: HK\$102,196,917) as at 31st December 2004 were pledged as securities against bank loans and general banking facilities amounting to HK\$145 million (2003: HK\$129 million) granted to the Group. At the balance sheet date, HK\$84,033,377 of such facilities was utilised (2003: HK\$54,717,000).
- (b) Included in the bank balances and cash of the Group are Renminbi deposits and cash in the Chinese Mainland of HK\$55,193,264 (2003: HK\$70,736,612). Renminbi is not a freely convertible currency.

**31. CONTINGENT LIABILITIES**

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Guarantee for bank facilities of a subsidiary	—	—	50,000	50,000

## Notes to the Accounts

**32. COMMITMENTS****(a) Capital commitments for land and buildings**

	Group	
	2004 HK\$'000	2003 HK\$'000
Contracted but not provided for	<u>43,844</u>	<u>11,568</u>
The Group's share of capital commitments of a jointly controlled entity and an associated company not included in the above is as follows:		
Contracted but not provided for	<u>3,526</u>	<u>25,050</u>

The Company did not have any material capital commitments.

**(b) Commitments under operating leases**

The Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Not later one year	3,440	3,791	–	–
Later than one year but not later than five years	4,958	4,613	–	–
More than five years	189	–	–	–
	<u>8,587</u>	<u>8,404</u>	<u>–</u>	<u>–</u>

**33. RELATED PARTY TRANSACTIONS**

Mr. Lao Yuan Yi, Mr. Yeung Wai Kin and Mr. Wang Jun Yan are Directors of China Assets Investment Management Limited ("CAIML"), a subsidiary of the Company and China Assets (Holdings) Limited ("CAHL"), an associated company of the Company.

During the year, CAIML received a management fee of HK\$8,009,001 (2003: HK\$8,232,962) from CAHL, under the management agreement signed between CAIML and CAHL.

**34. APPROVAL OF ACCOUNTS**

The accounts were approved by the board of directors on 18th April 2005.